

## Message Text

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ACTION ARA-14

INFO OCT-01 EUR-12 ISO-00 CIAE-00 DODE-00 PM-05 H-01  
INR-10 L-03 NSAE-00 NSC-05 PA-01 SP-02 SS-15  
ICA-11 IO-13 ACDA-12 AID-05 COME-00 EB-08 FRB-03  
TRSE-00 XMB-02 OPIC-03 LAB-04 SIL-01 OMB-01 DRC-01  
/133 W

-----045950 082241Z /62

R 051920Z MAY 78 MRN CORRECTION  
FM AMEMBASSY CARACAS  
TO SECSTATE WASHDC 2182  
INFO AMEMBASSY BOGOTA  
AMEMBASSY BUENOS AIRES  
AMEMBASSY VIENNA  
USCINCLANT NORFOLK VA  
USCINCSO QUARRY HEIGHTS

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C R R E C T E D C O P Y (MRN 4164 VICE 416)

E.O. 11652: N/A  
TAGS: PINT PGOV PEPR AU VE  
SUBJECT: THIS WEEK IN VENEZUELA

REF: CARACAS 3973 (NOTAL)

SUMMARY: CTV REPRESENTATIVE REMOVED ROM POST AT CENTRAL BANK. LOW LEVEL INSURGENT ACTIVITY CONTINUES IN EASTERN VENEZUELA. SCHOLARSHIP FOUNDATION DIRECTOR ACCUSED OF INTENT TO DEFRAUD. SUPREME ELECTORAL COUNCIL CONCERNED OVER POTENTIAL ABSTENTION OF NEW VOTERS. AUSTRIAN FOREIGN MINISTER PAHR VISITS VENEZUELA. END SUMMARY.

1. FRAUD SCHEME PROMPTS REMOVAL OF COPEI LABOR REPRESENTATIVE.  
THE VENEZUELAN LABOR FEBERATION (CTV) VOTED MAY 2 TO  
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REMOVE COPEI LEADER JOSE UZCATEGUI AS ITS REPRESENTATIVE TO THE CENTRAL BANK. UZCATEGUI HAD BECOME EMBROILED IN AN EXPORT FRAUD SCANDAL INVOLVING SOME ARGENTINIANS WHO ATTEMPTED TO ILLEGALLY CLAIM GOV EXPORT BONUSES (SEE REFTEL). THE AD PREPRESNATIVES AT THE CTV WERE SUPPORTED BY THE LEFTIST MOVEMENT TO SOCIALISM (MAS) PARTY AGAINST COPEI. AS REQUIRED BY LAW, PRESIDENT PEREZ CONFIRMED THE CTV ACTION APRIL 3.

UZCATEGUI TERMED THE OUTSTER "POLITICAL" AND SUGGESTED HE WOULD FIGHT THE DECISION. COMMENT: THE CTV ACTION, NOT UNEXPECTED, IS A BLOW TO COPEI. UZCATEGUI'S THREAT TO OPPOSE THE REMOVAL IS HOLLOW AS CORRECT PROCEDURES WERE APPARENTLY OBSERVED. INTENTIONALLY OR NOT, HE HAS BEEN ADMINISTRATIVELY TRIED AND CONVICTED, TAINTING COPEI IN THE PROCESS. THE HERRERA CAMPAIGN, HARDLY STEAMING AT THE MOMENT, FINDS ITSELF ON THE DEFENSIVE AS THE CHARGE OF CORRUPTION, ORIGINALLY A COPEI ATTACK, LANDS AT HOME. END COMMENT.

2. INSURGENTS STRICK TWICE IN EASTERN VENEZUELA.  
THE PRESS REPORTS THAT ON APRIL 29, ONE SOLDIER WAS KILLED AND AN OFFICER SERIOUSLY WOUNDED WHEN THEIR VEHICLE WAS AMBUSHED BY A GROUP OF 15 INSURGENTS FIRING MACHINE GUNS NEAR EL SAMAN IN ANZOATEGUI STATE. THESE REPORTS ALSO CITED IFORMANTS TO THE EFFECT THAT THE GROUP, INCLUDING 2 WOMEN, WAS COMPOSED OF MEMBERS OF THE BREAK-AWAY BANDRA ROJA/MARXIST-LENINIST "ANTONIO JOSE DE SUCRE" FORNT.  
THE PREVIOUS EVENING THE INSURGENTS HAD SEIZED A SMALL VILLAGE NEARBY AND HARANGUED THEIN HABITANTS BRIEFLY, EXORTING THEM NOT TO VOTE IN DECEMBER. ANOTHER SOLIDER WAS RUN OVER AND KILLED APRIL 30 AT A CHECKPOINT IN MONAGAS STATE WHENAN AUTOMOBILE ATTEMPTED TO BYPASS THE CHECKPOINT. SECURITY FORCES FIRED AT THE CAR, GRAVELY WOUNDING THREE OCCUPANTS, TWO MEN AND ONE WOMAN, ALL IN THEIR TWENTIES. THE SAME DAY, DEFENSE MINISTER PAREDES BELLOW CONFIRMED THE APRIL 29 ATTACK  
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AT EL SAMAN. ON MAY 1 INTERIOR MINISTER LEPAGE STATED THAT THE EL SAMAN INCIDENT WAS TYPICAL OF THE INSURGENTS WHO STRIKE SPORADICALLY AND BY SURPRISE. HE ALSO ADMITTED THAT MORE SUCH INCIDENTS ARE POSSIBLE ADDING THAT THE INSURGENTS HAD BEEN LYING LOW FOR THE LAST TWO OR THREE MONTHS, POSSIBLY BECAUSE OF THE MILITARY SWEEPS IN THE AREA. COMMENT: AS USUAL, THE GOV SAID AS LITTLE AS POSSIBLE ABOUT THE TWO INCIDENTS. WE WILL REPORT FURTHER WHEN MORE INFORMATION IS AVAILABLE. END COMMENT.

3. VENEZUELAN SCHOLARSHIP FOUNATION BESET BY SCANDAL.  
THE DIRECTOR OF ADMINISTRATION OF THE GRAN MARISCAL DE AYACUCHO SCHOLARSHIP FOUNDATION, HERNAN ALAM MUSSE, WAS SUSPENDED THIS WEEK FOR ALLEGEDLY TRYING TO CONVINCE THE NEW YORK BRANCH MANAGER OF VENEZUELA'S INDUSTRIAL BANK (WHICH HANDLES THE SCHOLARSHIP FUNDS) TO SET UP A DUPLICATE STUDENT ROSTER FOR SCHOLARSHIP PAYMENTS. THE FUNDS IN THE BOGUS ROSTER WERE TO HAVE BEEN SPLIT BETWEEN THE TWO. UNFORTUNATELY FOR ALAM, THE BANK MANAGER ALERTED THE GOV LEADING TO AN INVESTIGATION, ALAM'S SUSPENSION AND POSSIBLY MORE SEVERE ACTION. ALAM, IN TURN, HAS RECIPROCATED AND ACCUSED THE BANK MANAGER OF SUGGESTING THE SCHEME. COMMENT: MANIPULATION

OF THE SCHOLARSHIP FUND IS TREADING ON VENEZUELAN HALLOWED GROUND. PRESIDENT PEREZ INITIATED THE PROGRAM SOON AFTER TAKING OFFICE. BOTH HE AND THE AD PARTY REGARD IT HIGHLY. THIS APPARENT ATTEMPT TO USE IT FOR PERSONAL GAIN WILL CAUSE EVEN THE MORE JADED CRITICS OF GOVERNMENT CORRUPTION TO BRISTLE. IN VIEW OF THE ELECTION CAMPAIGN, THE GOV CAN BE EXPECTED TO LOOK INTO THIS ONE CAREFULLY, PARTICULARLY SINCE NO HARM HAS BEEN DONE. END COMMENT.

4. SUSPREME ELECTORAL COUNCIL CONCERNED ABOUT NEW VOTER APATHY.

ON MAY 3, SUPREME ELECTORALCOUNCIL PRESIDENT DELGADE CHAPELLIN APPEALED TO OVER 900,000 NEW VOTERS TO REGISTER BEFORE THE END OF JUNE, OR FACE LEAGAL STEPS.BOTH THE CSE LIMITED OFFICIAL USE

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AND THE MAJOR PARTIES ESTIMATE THERE ARE ABOUT 1 MILLION NEW VOTERS, BUT ONLY 25 PERCENT OR SO HAVE REGISTERED SO FAR. COMMENT: POLITICAL PROFESSIONALS TELL US THAT THE NEW VOTERS TRADITIONALLY WAIT UNTIL THE LAST MOMENT TO REGISTER SO THAT THERE IS NOTHING THAT UNUSUAL ABOUT CHAPELLIN'S APPEAL, UNLESS THE COUNTRY'S RELATIVE PROPSPERITY AND CONCOMITANT SOCIAL PROBLEMS HAVE, IN FACT, CREATED SUBSTANTIAL APTAHY AMONG THE NEWLY ENFRANCHISED. IF SO, AD WILL PROBABLY BENEFIT SINCE ITS MEMBERSHIP BASE IS MUCH LARGER THAN COPEI'S AND BECAUSE BOTH COPEI AND ARRIA ARE COUNTING ON NEW (IN ADDITION TO THE DISAFFECTEX) VOTERS TO BRING THEM VICTORY. THERE ARE THEORETICAL PENALITIES FOR NOT VOTING, BUTY THEY HAVE ALERADY BEEN APPLIED. END COMMENT.

5. AUSTRIAN FOREIGN MINISTER PAHR VISITS VENEZUELA.  
AUSTRIAN FOREIGN MINISTER WILLIBALD PAHR ARRIVED IN VENEZUELA MAY 3 FOR A FOUR DAY OFFICIAL VISIT. PHAR WILL MEET WITH PRESIDENT PEREZ AND OTHER VENEZUELAN OFFICIALS DURING HIS STAY. HE IS ACCCOMPANIED BY THE DIRECTOR GENERAL OF POLITICAL AFFAIRS IN THE FOREIGN MINISTRY LUDWIG STEINER AND THE CHIEF OF FEDERAL MINISTRY CABINET ANTON PROHASKA. IN PRESS COMMENTS FOLLOWING HIS ARRIVAL, FONMIN PAHR NOTED HIS VISIT IN PART WAS DESIGNED TOCON-SOLIDATE THE GROWING ECONOMIC RELATIONS ENCOURAGED BY RECENT AUSTRIANTRADE MISSIONS TO VENEZUELA. AUSTRIA, HE SAID, WOULD CONTINUE TO WORK TOGETHER WITH VENEZUELA IN THE STRUGGLE FOR HUMAN RIGHTS AND DISARMAMENT, AND ADDED TALKS WOULD CENTER ON THESE ISSUES AS WELL AS EFFORTS TO IMPROVE ECONOMIC AND CULTURAL EXCHANGES BETWEEN AUSTRIA AND VENEZUELA.

6. OTHER REPORTING THIS WEEK INCLUDED THE US COAST GUARD SEIZURES OF VENEZUELAN REGISTERED VESSELS (CARACAS 4088),  
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RICARADO ANIBAL MORALES NAVARRETE (CARACAS 4107), REQUEST  
FOR DISASTER RELIEF MATERIALS (CARACAS 4095), US BUSINESSMAN  
TRAVEL (CARACAS 4098), CAMPAIGN '78- THE FIRST FURLONG (CARACAS 4074),

CARIBBEAN DEVELOPMENT --LETTER FROM PRESIDENT PEREZ TO  
PRESIDENT CARTER (CARACAS 3953), COMMON FUND --LETTER TO UNDER  
SECRETARY COOPER FROM ICE PRESIDENT FIGUEREDO (CARACAS  
3950), A MAJOR PROJECT: CORPOZULIA STEEL AND COAL (CARACAS  
3956), AND MARKET RESEARCH: PETROLEUM REFINING--VENEZUELA

(  
AS 3671).  
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## Message Attributes

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Declassified/Released  
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